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GOVERNMENT  
BY  
DEFAULT



Address before  
THE ASSOCIATION OF LIFE INSURANCE COUNSEL  
By Hon. Job E. Hedges, General Counsel,  
Association of Life Insurance Presidents,  
At Washington, D. C., May 12, 1920.



## GOVERNMENT BY DEFAULT

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ASSOCIATION OF LIFE INSURANCE COUNSEL IN  
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The generous professional knowledge which justifies your responsible positions is my protection against a too rigid criticism of a new member. My abhorrence for proclaimed finality of human wisdom is your protection. Of course, I could, but will not, intimate that I represent many of you and of your companies as General Counsel of the Association of Life Insurance Presidents. This, I think, establishes a *status quo* which will last throughout my discourse. To you, Mr. Duffield, a personal word: The law of heredity is strikingly illustrated in the family whose honored name you bear. Your revered and distinguished father was my mathematical friend, adviser, dictator and patient observer at classic Princeton. He would, in due course, under the form of invitation, direct me to respond definitely to certain specific questions with courage, if not with adequate intelligence. I necessarily responded, though frequently compromising on the question and answer, taking refuge in the shadow-land between specific and general comment. Following his paternal example, you have directed, not invited, me to speak upon a governmental or legal proposition. That same shadow-land is today my recourse and alibi with you as it was with your father. If your patience, discrimination and sympathy now prove as ample as his you will condone my addressing this gathering upon the subject "Government by Default."

A discriminating mind can hardly find topic or circumstance at

this moment which does not embrace law and government. My observations, therefore, seem to me pertinently addressed to a body made up of lawyers advising a great business enterprise on its legal rights and prohibitions while in daily governmental contact. The lawyer's province, under his oath of admission to the bar, to uphold the constitution of his country, of his State, and to abide by the statutes, requires clear thinking and sound fundamentals when advising his particular client, as in our own case where numberless statutes are projected or departmental orders promulgated. Where there is not, and cannot be, the full knowledge of the science and art of insurance on the part of relatively brief holders of office as compared with that of men who are engaged in insurance as their life work, we need not be surprised at differences of opinion. I have no comment to make on the question of motive. Charging bad motive to an opponent in controversy is like the alibi—a last desperate defense. We should be able from trained intelligence duly to convince if the facts justify it. We must remember that those charged with official responsibility are placed in their positions in ways provided by the Constitution and statutes and, therefore, the mental attitude of officialdom must constitutionally be respected, if not agreed to. Beyond the Government, beyond insurance companies, beyond ourselves representing the latter, is the public at large, sensitive to impressions, ready to judge quickly—and possibly erroneously—and usually arriving at conclusions without full knowledge of conditions. The lawyer who cannot marshal facts and intelligently and attractively expose them to a deciding mind, is not justified in assuming that his legal deductions should necessarily be followed. Certainly he has no grievance if he cannot synchronize fact and law to the deciding mind of an arbitrator, whether the arbitrator be a department head, a legislative committee or a Congressional conference on disputed legislation, to say nothing of the court which speaks the last word on all these matters in controversy. To illustrate:

In the earlier stages of life insurance an important professional demand upon you was defending the prosecution of disputed death claims. Possibly under a misapprehension of facts in particular cases, these defenses were viewed by the public as deliberate avoidance of contract and the taking of technical advantage for the sole purpose of retaining funds in the treasuries of the companies. This resulted in a reaction against the companies. That sympathetic, scientific and criminally intelligent false claims were put in, requiring

the most skilful defense, was not understood nor appreciated. This vigorous defense by you of assaults upon the companies' reserves was actually affirmative action on behalf of the body of policyholders. Successful defense of these suits in an increasing number of instances is competent testimony of the righteousness of the action. The grand result has been a clearer understanding between policyholders and their companies; between the public generally and the insurance companies. Contracts have been simplified, procedure has been clarified so that any one may understand it, and an intelligent competition has grown up between the companies to pay as speedily as possible any claim untinctured by suggested fraud. This evolution presents a composite of life insurance in its relation to the public. You have all gone through the process of development and growth until you are now in fact advising the general public, the policyholder, the company, the insurance commissioner and the legislator. Likewise, the public has been informed and illumined. It begins to view you, from your training and your proclaimed and sworn attitude of mind, as its general adviser.

Thus, it has taken but a few sentences to bring us into that which I view as the shadow-land between government and law. You know, but the public does not appreciate, that there are between 4300 and 4400 governmental provisions affecting a life insurance company doing business generally throughout the United States. This statement of fact should be the solvent of captious criticism by the public directed against either the insurance companies or those who represent them. My experience, briefer than yours, confirms my conviction that life insurance is both a science and an art. To view it exclusively as either predicates a narrow vision and a failure to understand that, however sound its principles may be as a science, if they are not made clear to the general public as an art, the increasing momentum of life insurance growth would, in amplitude of succeeding years, diminish from giant stature to dwarfish unintelligence.

Between hope and memory lies the record of human life. Between "Thou shalt not steal" and "Honesty is the best policy" unindicted men have lived their lives. In final essence we may well study, as in fact we must, the psychology of the public at large in its relation to government and law in addition to increasing our specialized knowledge. This suggestion brings me face on to what seems to me a reversal of the theory of the fathers and which may well be termed "Government by Default"—the subject of my paper. Our

civic progenitors did not have, nor could they have had, a full comprehension of the development of this country. Could they have imagined either its numerical size, its material growth or its complicated present-day questions, they might well have hesitated in launching the small, but sturdy, bark of the Constitution upon the tempestuous seas of uncertainty. Their wisdom, however, without comprehensive forecast of present conditions, was greater than is ours who live in the midst of those conditions. They sought a few general fundamental ideas, capable of growth, broad enough for unlimited expansion with provision to meet them as they occurred. It remains with us to solve these problems and, however great our intelligence and experience regarding them may be, the lamp to our feet and the light to our path require the most absorbing study, analysis and appreciation of the conceptions of the fathers.

The number of those in official responsibility, whether of the Army and Navy, whether as peace officers, administrative officials, legislators or courts is spectacularly small compared with the number of the public generally. During the war, the maximum number of officers, enlisted men, clerks, nurses, etc., in our Army was 4,250,000. Allotting to the Navy its 500,000 at that period, the total of our fighting forces was less than five million, which is less than five per cent. of our population. While definite data are not available to determine how many persons are on the Federal, State, county, city and other official payrolls, having in mind the peace basis of the Army and Navy,  $2\frac{1}{2}$  per cent. of the entire population is a conservative estimate of the number of those conducting the official business of the country. This percentage is offered for your deliberation entirely apart from, and without reference to, the alcoholically significant per cent. of 2.75, which at the moment occupies the imagination of the public and for which dry-throated humanity audibly proclaims its yearning. When we consider that the small percentage of our citizenry officially directing our affairs is drawn immediately from the body of citizens and has the same instinct as the rest for common rights and obligations we can be comforted in the conclusion that the public, if it will, may always be in direct charge of its own affairs.

With these figures and comparisons immediately in mind, when the public does not, from the plenitude of its opportunity and judgment, provide the best it can supply for the function of government, the theory of the fathers is reversed and bad government is a government by default.

To justify intelligent conclusions, we must give thought to what the public is. It is easy to forget that each one of us of a kindred profession or occupation is a part of the public to every other occupation or profession. To the lawyer, the public comprises all those who have not been admitted to the bar; to the doctor, all those who may become ill; to the undertaker, all those who have escaped the doctor; to the manufacturer, every one who must have merchandise; to the farmer, all who require food. While the public remains the same in the aggregate there is a difference in the fractional part of it which applies to particular vocations. This public, with its opinion—so frequently stated for it without its permission—is assumed to have a wider range of knowledge than it actually has or could have, and such will always be the case.

Public opinion really is the best opinion of the best minds, best qualified from study and experience to express themselves on any particular topic. If, therefore, intelligent, capable and morally sound leaders of public opinion permit clever, acute, intelligent, unmoral creators of opinion to misinform, excite, disturb and mobilize the unreasoning and inadequately informed general public without meeting statement by statement, argument with argument, right public opinion goes by default, right public action defaults and in the end we are back to the place of beginning and find a government by default. The protection of the public at large is the fact that under our system of government it has, and must have, the final approving or vetoing power upon whatever is presented to it at the polls. The responsibility, therefore, for the presentation of a proposition to the public is keen and staggering. The responsibility of lawyers, whose daily vocation brings them in contact with all business and whose experience in interpreting and framing laws is admitted, is so grave as to force due pause before forming our opinions and advising clients.

Theoretically, the public takes the initiative in the control of its own affairs. Practically, it does not. So far as the public is concerned, in everyday experience, scientific government is a matter of default. Our greatest reforms are undoing with deliberation what had been effected without proper investigation and discussion. The projection of individual ambition and false and irrelevant appeal to passion, prejudice and ignorance starts waves of action which frequently crest before the danger is appreciated. The best that can be accomplished then is to break the force of the wave and guard against the undertow. These experiences, bad as they may be, have some

value in sharpening and educating the public mind. They entail a loss of momentum, however, and postpone the period for deliberative, creative, permanent progress. To summarize, the public frequently undoes, after deliberation, what those who were claiming to do for it, did to it. The willingness to serve the public at its request is a safeguard for society. The passion to serve it, without its request, is a cancerous condition whose growth can be prevented by the knife but cannot be stopped by the medication of rhetoric. Fortunately, crooks temperamentally divide and are found in competition, negating each other.

It is impossible to inform the public at large, whether in State or nation, of all the elements involved in a proposition. To inform the public adequately requires time, patience, expense and unselfish effort. We Americans sometimes deem ourselves the most capable people on earth. I would like to believe that we are, but I cannot. From our mixture of races, our social, material and civic growth, with the advantage of our national wealth, with our isolated position geographically, we have developed an alertness of mind, a quickness of perception, a habit of instantaneous action, a capacity to bet on the future, which camouflages a lack of deliberation and breadth of study which always later overtake our first spasm as the tortoise outpoints the hare. I will not admit that there is any nation in the world superior as to native mentality or the ability to develop material resources. I am willing to admit that while we have equals, and maybe superiors, in particular spheres, we have an environment furnishing advantages which duly grasped can give us the precedence we claim. There are many nations from whom we could learn, however, and advance ourselves permanently. There is another branch of the Anglo-Saxon people whom we chide with lack of humor, and with being proportionately slower than are we. I notice, however, that while they are apparently marking time they study problems to their foundations, and when they announce their conclusions their convictions last for generations. These reflections do not embrace all I conceive to be government by default.

It was originally intended that localities should select men who should aid in the selection of other men, which latter class should be subjected to the suffrage of the people and be elected to executive and legislative positions with authority to deliberate, to study and to act for the State or nation at large and thus best serve the immediate locality which they represent. When political procedure is perfunctory, without due thought and investigation,

nominations are made and elections carried with wild hurrah, after which the public settles down for reflection. The result is that after a man has temporarily persuaded his constituents that he is a proper candidate, they having remained relatively indifferent except as excited by alleged disclosed scandals or promises of impossible fulfilment, our legislators and executives find themselves in public office without proper previous instruction from the people and deprived actually of opportunity for study, reflection and independent conscientious effort. Once inducted into office, the legislator finds himself a bone of contention between conflicting groups. These groups, to influence his official conduct, either claim to have elected him or threaten to defeat him for re-election if their particular view is not adopted. In other words, they have inducted into office a man who has taken an oath of office to decide according to his best judgment questions for the general good and at once demand that he shall violate that oath of office by favoring a particular group or exterminating another one. This I call government by default. It was neither conceived by the fathers nor will it conceive anything toward which any one would be willing to admit a filial attachment.

While we claim to be democratic, and you will permit me to say democratic with a small "d," there is a tendency to worship public place and high authority, which is neither democratic, American nor intelligent. To deify our officials, and I don't speak flippantly, is to deny our own capacities. Whether we enjoy music, or not, all must admit that Gabriel has not yet sounded taps. The authority of officialdom is so great *per se* and socially and publicly that to be embraced within its immediate influence is substantial distinction. It is natural that men yield to it. It is silly that intelligent, well read, well grounded, even-minded men should be affected by it. On the other hand, we are thoughtlessly destroying the efficiency of our public representatives by being impatient with them, by not allowing them time for deliberation and by negativating frequently their best work through unintelligent, captious comment. And yet a third element enters. If we do not criticize sometimes with severity, a public official may lose his sense of perspective and we thus destroy the efficiency of our own representative. It is best that the occupant of public office should not be permitted to lose his sense of proportion from continued introspection and self-contemplation. Otherwise a condition of mental exaltation may develop which, should he break a shoe lace—sufficient otherwise to pinion him to earth—would project him through the domain of space until he was finally

arrested by the planet Mars or the Pearly Gates. Vain men should wear strong shoe laces.

The fact of the war is no excuse for lack of sense. The war has not created as many mental conditions as it has exposed and uncovered pre-existing tendencies. The war has disclosed psychological tendencies which have been prevalent for many years though unobserved except by the student. Some years ago an advertisement projected a rare and efficient word into popular speech. That word was "bromidic." It was intended to represent an idea which was so plain and so admitted by everybody that its repetition was unnecessary. I regret that even its novelty has worn off and in its place is a reintensified passion for something that is new, with its consequent sensation, regardless of whether that sensation is helpful or sufficiently intoxicating to weaken wisdom. Government is business. Business is government. Politics is government and business combined raised to the *nth* power of intelligence.

The publisher of a great New York daily recently said that unless the Government restricted the output of paper for the daily press or regulated in some manner the consumption of material for the production of that paper, the supply of print paper in a quarter of a century would be physically on a decline and might affect the whole printing and reading world. This was in substance what he said. From my knowledge of the gentleman, whose acquaintance I value, I assume he spoke accurately. The reflection I bring to you is that here is an admission that competition between highly trained minds and enterprises will not recognize a condition detrimental to all and meet it without governmental intervention. This reference is given not to illustrate an instance of government by default, because the question is one of conserving natural resources against a day of distress to the public. It shows by contrast the reliance on the Government as an arbitrator when the exigencies of individual business make plain a national danger or need. It exactly points out the dangers of competition in contending for volume and proves that as in government there may be default from citizen inactivity; there is equal danger to the republic from individual competition at the expense of the body politic, proving a default in thinking nationally generally as dangerous as direct neglect of prescribed affirmative public duty. Is it possible that the American people have ceased to think in general principles? Is it possible that successful business men, trained thinkers and philosophers have been unable to create an attitude of mind toward the public at large and the Gov-

ernment itself whereby a sense of clearness can only be brought about by the arbitral action of government through force? Have in mind, too, in considering this, that the public must select from its own numbers men to decide for or against it and that when they are selecting those men, in view of present-day experience, they try to select them not as arbitrators but as men already committed to a view. You will follow me in my reiteration that this is another instance of government by default.

For the purpose of aiding discussion, we divide a large portion of the public into employers and employees. I know of no authority in the Constitution or the original conceptions of this Government which justifies such division. In fact I assert there is none. I further project my belief in saying that, as long as that hard and fast division is made, the more it crystallizes into a conviction of belief as a proper division of society, the further away we get from a just settlement. Many problems such as the one I have just mentioned would be solved by interjecting an element bigger than either of those divisions of employer and employee. That element comprises the people as an entirety, the Government as personifying that people, the machinery of government to be used for the common good, the advantage and progress of an intelligent majority and the full protection of a minority whether intelligent or not. In striking the balance of human problems, we take the credit side of advantages without emphasis and illustrate the debit side by fervid rhetoric, passionate appeal and silly hypocritical elements. There was a time when individuals and associations of large means failed entirely to appreciate their civic and social obligation to the less financially favored employee. Much that was accomplished in those days, in commercial progress, in individual preferment, was recorded in the written suffering of men who could not protect themselves and had to take what they were given. Organizations of employees were formed, conditions were fully discussed and bettered as a result of that organization and the situation of the toiler, either at the desk or the bench, was advantaged. With the success of organization it was entirely human to tell employers what they must do or incur the penalty of non-service. As a matter of competition that new condition was met by importing large numbers of laborers to whom the lower wage in America was beyond their European dreams, and with this unreasoning but effective physical labor, organized labor was met and fought. Organized labor reorganized itself by organizing unorganized foreign labor into its own

numbers. The strain began again but meanwhile conditions were changing. Men became more thoughtful on both sides and saw a new light. Better conditions were created, and health, association and contact were much improved. The selfish employer recognized the advantage accruing to him materially by bettering labor conditions both as to remuneration and working environment. The more intelligent and morally inclined employer recognized not only what his selfish competitor may have admitted, but broadened his viewpoint by further admitting an obligation socially and civically to a brother man regardless of fixed contract.

During this period of beneficial evolution, advantageous to both sides, the position of the general public was being gradually disclosed as having rights other than those of mere purchasers. Bear in mind, always, that all are a part of the general public, bromidic as that statement may be, and that each citizen is a part of the specific public of some one else. In earlier years, there seemed to be a determined effort to annoy the public at large until it should so assert itself as to force one or the other competing factor to capitulate. Broadly speaking, this was the situation when the war engrossed the nation's attention. It is unfair to judge conduct finally during war conditions. It is too much to expect of frail human nature that the intensity of strife in world conflict can keep men calm, even-tempered, equitable and exactly just in their relations to each other, to their own Government or to the world at large. The word "profiteer" has a generic meaning. It signifies taking advantage of others when they are in no position to defend themselves. This covers individual relationship to government as a producer. The word is as applicable to the man or group who corners supplies as the man or group who corners labor. The immediate result is an increase in return. This return will be repaid in calmer, more normal times with the compound interest of inconvenience when natural laws again assume control, for natural laws cannot be finally abrogated by the temporary dictum of official action or the acquiescence in unavoidable, forced, abnormally created conditions.

As the war has closed, actually or theoretically, there seems to be an expiring effort to see what can be wrung out of the general public before the calm of normality settles upon the nation. We accomplish nothing by investigations, material or mental, unless we look for advantages to admit as well as evils to criticize. In these present war-culminating, disturbing days, it is apparent that unwisdom evidenced by thoughtless, unintelligent strikes or the larcenous

conduct of the conscienceless profiteer will make the public, heretofore indolent to its responsibilities, keenly alive to its rights and powers. In the present chaos of cross purposes and selfish interest there is manifest purpose on the part of men of affairs, whether in labor groups or segregations of capital, to clear their ranks of the agitator and self-seeker, of the violator of contracts, of the extortions demands of the profiteer.

There is no need for undue solicitation. Much of this mist will pass away as the frost before the sun. The balanced mind always overtakes the ill-balanced mind. It simply requires more time. There is no doubt that individuals are acquiring a keener sense of their relationships to each other individually, to the public at large, and to the Government itself as the protector of all. There never has been a time since the adoption of the Constitution when there were more or better opportunities for individual preferment than at this moment in these United States. The man who can't see them couldn't fill them if he had them. The man who can only prefer himself by personal advertisement of the alleged wrongs of some one else has no place as a professional administrator to human ills. Education, general, specialized; charities, general, specialized; liberality, sympathy, hope, are all carried on to a degree in this country beyond ordinary everyday conception. Could the private charity and charities of the United States be segregated and exposed to public view they would be staggering and comforting at the same time. The simple fact is that we have grown so fast materially that we have not caught up with ourselves sentimentally. We have increased in numbers so rapidly that with demands upon ourselves materially we have not vitalized our new citizens with the real American sentiment so that they can think beyond their immediate personal experience. As for our older citizenship—they who have been here themselves or through their forbears for generations—their attention has been distracted by material success from the wider range of civic obligations. Fortunately for all of us, there has been and now is a body of men and women, quiet, unobtrusive, self-denying, patient, persistent, who have understood what it meant contractually, or otherwise, to be an American citizen and who furnish the cement which binds the foundation together until the superstructure can proceed.

We are confused by the use of words in arriving at our judgment. It is easy to rail at the rent profiteer and to proclaim oneself as the champion of the rent-payer. If nature produces humans faster than humans produce abodes, abodes must cost more or sleeping in the

parks be made more attractive. Children have been born, men and women have removed to cities, and tenancies have not been constructed because those who could construct them have been unwilling to work or supply material at rates which permitted construction. How labor or capital can progress on either hand by doing nothing until they receive a fixed price and still expect structures to rise, grain to grow, manufacturers to produce, is beyond my understanding. The situation would be comical were it not pathetic. Demand and supply have been running a foot race since the birth of time. They are still racing, but they are sitting among the spectators. They are counting the spikes in their running shoes without putting them on. These are the prosaic facts without political value in the face of an approaching election.

The law of gravity is steady, not intermittent. Its effect may be temporarily diverted through mechanical appliance. The law of supply and demand is fixed. The lack of supply increased the demand. The increased demand increased the price. This appears, on its face, economic and scientific. It is prosaic for a man to say that he won't sell material or service for less than the public can be made to pay. If the laborer refuses employment and the merchandiser declines to sell until their idealized price is met, and the supply decreases and the demand increases, in logic, there will come a time when there is neither supply nor demand. The question then is, simply, who can live longest without food? Carried to its ultimate by this process of reasoning, we will get back to the point where one sturdy constitution can survive the race, and he can then talk to himself, feed himself and enjoy himself, if he can. This is a *reductio ad absurdum* which will solve many intricate, complicated questions, the moment the American people are restored to their natural sense of humor. The general public is too human, too sane, too sensible to permit of a cataclysm at the expense of agitation and selfishness, and has sufficient spare time on its hands to expel temporary foreign residents who don't understand our theories. Between these contending factions, which are trying to whipsaw the public and who can see no further than their immediate occupation, what is to become of the public? There seems to be a tendency on the part of some to consign the public to a place marked by heat, rather than cold, and which Mr. Duffield and I, as orthodox Presbyterians, recognize as set aside for the damned, whether damned by Divine law, or whether just plain damned fools.

It is easy but not clever to excite the poor man against the rich.

man. This is also a reversal of original governmental conception because it goes direct to the mind which decides how to cast the ballot. The aggregate of wealth that any one has does not disturb the public mind so much as the question as to how he got it, and however much he has or by whatever surreptitious manner he got it, the bad effect on the public mind is best shown by the form, use and display of that wealth. The responsibility for a legal title to wealth and the moral responsibility for its use are as wide apart as the poles. The public is educated to one footman. The owner of a vehicle has a contractual right to hire four footmen and even outriders. To the unreasoning mind or the intelligent but unmoral mind playing upon human cupidity and hate, four footmen are four times as bad as one footman; and, when arguing about it, it is but another statement to say that to a person without a vehicle all footmen should be fired and all vehicles destroyed. The number becomes important, not because anybody wants all footmen destroyed and all vehicles put out of the way, but because individuals are apt to think that in the general destruction they can get a vehicle and a footman for nothing.

When Trotzky left the United States with a proclaimed antipathy to Czars and armies and plunged into the Russian morass of disappointed hopes, unintelligence, lack of education, years of serfdom, he declaimed against human inequality, proclaimed the brotherhood of man and showed himself as a will-o'-the-wisp leader, which in fact he was. Reducing Russia to an individual following, he is now in favor of an army as a means of establishing the fraternal brotherhood of man, projected on the absence of an army, and is effecting a concentration of government compared with which any Czar that Russia ever had was a mere buffoon. In other words, Russia is suffering from a government by default. It remains for us to see whether government by default in the United States shall continue. Our responsibilities as individuals are judged by our opportunities, not by our trades.

A learned law-book was written some years ago in this city on quasi-contracts. Society, as we know it—that is, our social goings and comings—apparently by law analogy, is a quasi-contract. Under our conception of government every one has contracted, socially, so to live as not to disturb the contract of civic obligation. Where the two contracts merge each must decide for himself. That they do merge, any one who reflects must admit. The difficulty about reflecting, and its danger, is that proper reflection leads to conclusions.

Conclusions regulate conduct. One's own conclusions should regulate one's own conduct. If we reflect only on others our personal conduct does not irritate us.

I have no pride of view to bring you today. I have an intense desire to cause you to reflect. My appeal is that you do reflect. I have sufficient confidence in your range of activity to know that your reflections, read into conduct, will be of benefit to the public and to society. We are fortunate in representing a great and comprehending business activity, recognized by the public and one which the Government, reflecting the public, could well study. Leaders of public opinion, legislators, editors, have harmonized during the war and since in advising and demanding thrift and economy. Despite this, importations of luxuries continue; diamonds are in the ascendency, and luxuries are being indulged in by rich and heretofore poor to a degree which stupifies judgment. In the midst of it all, with a myriad of cross currents, life insurance has gone on its quiet, effective course. We entered the war in 1917. For the moment, whatever happened in that year in an insurance way has neither precedent nor analogy. Yet, during that war year, there was written \$4,890,000,000 of life insurance in the United States, as compared with \$4,212,000,000 in 1916, the largest previous record for a single year. Thus the war year of 1917 showed an increase of 16 per cent. in the amount of new business written. In 1918, or a greater part of it, we were physically at war. Yet there was written in that year \$5,138,000,000 of life insurance, an increase of 5 per cent. over the amount written in 1917, despite the fact that the Government was also writing life insurance. In the year 1919, although still technically at war, there was written in excess of \$8,600,000,000 of life insurance, an increase of 67 per cent. over 1918. When it became apparent, in the early months of 1919, that a much larger amount of new business was being written than ever before in the history of life insurance, even our most optimistic executives said that the rate of speed could not be maintained throughout the year. Yet it was, and even better. It was generally agreed, not without some hopeful mental reservations, that we must expect business to drop a little in 1920. At the end of the first month of this year reports seeped through of still larger aggregate sums being written. Through the Presidents' Association I made inquiries of companies who wrote more than 83 per cent. of last year's business for their new business figures for the first four months of 1920. Prompt responses were graciously made by all of them. These show that last

year's outstanding supremacy is already in the background. These companies in four months this year have written \$3,073,000,000, as against \$2,226,000,000 for the first four months of last year, an increase of 38 per cent. Remember, these are not guesses or fragmentary statistics. They are the actual living records of the companies writing 83 per cent. of the life insurance business of the country.

Using these statistics as a basis of computation, we can assert the fact that in the first four months of the year 1920, while the people of this country had been fighting among themselves to get rid of the technicality which says we are still technically at war, there has been written by all the life companies approximately \$3,700,000,000 of new business, or at the rate of \$11,000,000,000 for the year. The people of the United States are to-day buying twice as much life insurance protection as they bought two years ago and 1918, as you know, was a record year.

Twenty years ago the total old line or legal reserve life insurance in force on American policyholders was \$8,560,000,000. This year's new business alone will be far greater than the total amount of legal reserve life insurance protection in 1900.

What deduction can we make from the current year's figures? This activity does not spell such complete lack of foresight as some people are charging against the American public to-day. For one thing, how can even the pessimist forecast a panic—financial or otherwise—when we see such evidence of ability and desire on the part of our people to pay for life insurance protection? Life insurance policies are not written on promises to pay but on money received.

In these times of sensation-mongers our attention is sometimes focused on the statement of notoriety-seeking individuals to the effect that present conditions cannot continue and that ultimate panic is inevitable. Life insurance answers this. The panacea for panic is the policy of life insurance. The protection afforded and the sense of security which comes to the holder of insurance prove that the institution of life insurance is one of the greatest economic factors of modern times in stabilizing government. A state of mind is engendered among the vast body of policyholders which should permit a sane and constructive view of general events.

What further deduction can we make from these figures? One of vast pertinence—life insurance has the confidence of the public. It is the visible testimony of the insured to their practical belief in

what is being recommended to the public at large—notably thrift and foresight. In other words, the insurance public is protecting itself while the general public, governmentally and socially, is getting ready to start to begin to commence to practise what it preaches to itself, but is still indulging in the enjoyment of the flesh pots before going on a scientific diet.

Without adding this year's increase, indicated above, the total amount of insurance protection on the lives of Americans is  $35\frac{1}{2}$  billion dollars. Back of this mountain of insurance—a second line of defense—are adequate billions of invested reserves. With these invested assets the country develops so that life insurance funds, in addition to protecting the policyholder, furnish means which, represented in the securities of substantial business and industry, type the social and commercial progress of the country. Back of the policy, too, is the policyholder who, for the moment, can be considered in his capacity as a citizen, contributing to enriching and Americanizing, presumably, the social, civic life of the nation. It is not for me, on this specific occasion, with its particular purpose and representing a specialized business activity, to make a direct appeal to you outside of our professional environment. In that I can and do so appeal. I have discoursed on government by default. Of course, with that default remedied, our normal theory and practice of government would be resumed. Our responsibility toward that resumption is keen, commanding, impelling. As a class, we lawyers can do much toward remedying the default described. If foreign and unAmerican ideas are permitted further growth, if standards of government as foreign to us mentally as is their geographical location shall find sway here, if Americanism with its rights of life, liberty and the pursuit of happiness, with its property holding, shall merge into an internationalism which drags highest racial development to the lowest stratum, we shall not only continue a government by default but, looked at from an entirely selfish viewpoint, our policyholders will have lost their advantage socially, the protection of reserves will become a memory and chaos will be substituted for the orderly, systematic condition which makes life insurance actually what we claim for it. Designedly, or otherwise, with due modesty, we must meet our individual responsibility. We must lead in awakening policyholders to their selfish personal protection and their combined selfish, altruistic duty in placing the Ship of State again on even keel.

The thrift doctrine, preached and practised by life insurance, may

have missionary assistance through the addition of women to the electorate. I hope, with woman suffrage in full force, the example of Lot's wife who turned back to take another look will be avoided by the good women of America. They know what they ought not to expend. When they are convinced, they will become saving, as well as saviors of a right doctrine of economy. They also know what men should not throw away in the way of money. They can also tell their men, with no uncertain sound, what they shall not throw away. If they are as wise as I think they are, and they should make it fashionable to be intelligently economical, the problem of superfluous expenditure has been solved and economy will merge from hope into fact.

These figures of life insurance which I have submitted represent conviction of mind and not spasmodic action. For the purpose of understandable, justified optimism we can contemplate these figures with satisfaction and sincere hope. Furthermore the premium payer justifies his convictions by payment in advance, but does not gamble with the premium. His premium is the underwriter of his life. If I were assured of what I hope to be the fact, that every policyholder who has sought to protect himself and his family, through the intelligence of a policy with its inferential thrift and saving, were giving the same thought and conviction to his conduct in its relation to society at large and government in the concrete, my native sense of optimism would blossom into conviction and all solicitation regarding present-day conditions would be dissipated. In its place would come a belief that our present problems were merely chastening conditions instructive of the larger and greater concept of a human society governed by consciousness of mutual rights and obligations and in the life thereunder exemplify the concept of the fathers in the proposition of the inherent, native, individual, community rights of life, liberty and the pursuit of happiness.

In high conscience, I cannot close this paper, necessarily material in its argument, without acknowledgment of a power above and beyond ourselves. Science and specialized education tend to bring all facts within the realm and capacity of human knowledge. The big things of life, the big events of history, the cataclysms of international conflict, have all evidenced in the years succeeding them a controlling power beyond human ken. The acknowledgment of this power in some form or other has been the saving clause of humanity. The acknowledgment of the precepts of Providence and the practice of those precepts have made possible the progress of human life and

have solved, in large measure, the inconsistencies of human conduct. However clever, wise, studious we may think ourselves, poor humanity does not furnish its own solvent. The brotherhood of man requires the parentage of God. To apply with our best knowledge and highest instincts the foundation principles laid down by a power beyond our own ken is the surest way by which we shall discover again the paths of peace, prosperity and plenty.







